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AUTHOR Dijkman, Frank G.; Savenije, Bas S.
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ABSTRACT

Conditions and management procedures used in Dutch universities are discussed. Attention is directed to: (1) the structure of higher education in the Netherlands -- especially the University of Utrecht, its administrative procedures, and decision-making process; (2) the nature of the problems the university faced and the ineffective way in which these problems were handled at the end of the 1970s; (3) the planning model in use since 1981 and its consequences in terms of general awareness, quality assessment, new allocation procedures, and reorganization processes; and (4) the way reorganization processes in the departments are conducted. Dutch universities have had a tradition of autonomy and an administrative structure characterized by decentralization and democratic procedures. They are now faced with increasing demands for public accountability, severe budget cuts, and strong tendencies toward centralization. Within the University of Utrecht, this means the end of a mentality that equated autonomy with isolation. Instead of allocation procedures based on principles of "quantitative justice," planning and budgeting procedures aimed at a critical evaluation and selection of activities have been developed, while decentralized and democratic decisionmaking are maintained. (Author/SW)

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RESTRUCTURING, REALLOCATION AND RETRENCHMENT AT THE SAME TIME: THE DUTCH UNIVERSITIES

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Frank G. Dijkman
Personnel Planning Department
University of Utrecht
Kromme Nieuwe Gracht 29
3512 HD Utrecht, The Netherlands
030 - 335722

Bas S. Savenije
Planning Officer
University of Utrecht
Kromme Nieuwe Gracht 29
3512 HD Utrecht, The Netherlands
030 - 335722

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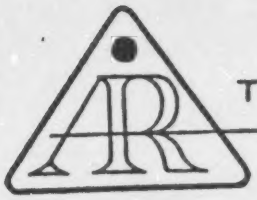

THE ASSOCIATION FOR INSTITUTIONAL RESEARCH

This paper was presented at the Twenty-Third Annual Forum of the Association for Institutional Research held at the Sheraton Centre in Toronto, Ontario, May 23-26, 1983. This paper was reviewed by the AIR Forum Publications Committee and was judged to be of high quality and of interest to others concerned with the research of higher education. It has therefore been selected to be included in the ERIC Collection of Forum papers.

D. R. Coleman, Chairman
Forum Publication
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ABSTRACT

Dutch universities have a tradition of autonomy and an administrative structure characterized by decentralization and democratic procedures. They are now faced with increasing demands of public accountability, with severe budget cuts and strong tendencies towards centralization. Within the University of Utrecht, this means the end of a mentality which equated autonomy with isolation. Instead of allocation procedures based on principles of "quantitive justice", planning and budgeting procedures aimed at a critical evaluation and selection of activities have been developed, while decentralized and democratic decision making are maintained. These procedures are discussed, together with the pitfalls and paradoxes encountered in their implementation.

RESTRUCTURING, REALLOCATION AND RETRENCHMENT AT THE SAME TIME: THE DUTCH UNIVERSITIES

In the second part of the 1970's Dutch universities saw themselves increasingly confronted with problems which they had up to then never taken into account. Tradition, academic and administrative structures and lack of established planning procedures prohibited effective dealing with questions that mainly arose out of public discontent with the universities' record.

In the next sections we will discuss:

1. the structure of higher education in the Netherlands, and especially of the University of Utrecht, its administrative procedures and decision-making process;
2. the nature of the problems the university had to face and the ineffective way in which these problems were dealt with at the end of the seventies;
3. the planning model we have been using since 1981 and its consequences in point of general awareness, quality assessment, new allocating procedures and reorganization processes;
4. the way reorganization processes in the departments are carried out.

1. Higher education in the Netherlands

The system of higher education in the Netherlands distinguishes rather strongly between vocational and academic education. The former is provided at a large number of schools, the latter at 9 universities, 3 polytechnics and an agricultural university. The oldest of the universities was established in Leiden in 1575, the youngest at Maastricht in 1975. The total budget of the universities amounted in 1982 to about Dfl. 3.8 billion (US$ 1.4 billion), and total enrollment was around 140,000. The University of Utrecht is the largest of the Dutch universities and is centrally located in the country. In 1982 it had 24,000 students, employed 6,500 people (in 5,000 full-time-equivalent jobs) and spent a budget of 560 million Dfl. ($ 210 million), of which 75% went to salaries.

Among the 2,400 teaching and research staff were 400 full time professors and 450 graduate students holding temporary jobs as research assistants.

The University has seventeen academic departments, among which law, medicine and dentistry, veterinary science, the natural sciences and social sciences, theology and philosophy. The arts and languages department is the largest with 6,000 students, while philosophy with 250 students is by far the smallest.

Since the end of the turbulent sixties the formal decision-making process within the Dutch universities has been democratized and partly decentralized. Curricula, course content and research programs are being decided upon at the level of academic departments and sub-departments. Budgeting decisions are being made at university level (and in turn on a national level by Parliament).

Formal decisionmaking on the university level rests with the University Council, a 40-member body consisting of 11 faculty, 11 non-teaching staff, 11 students and 7 non-university members. University members are elected, non-university members appointed by the government. Executive power rests with a 5-member Board of Directors, which has a large Central Office at its hand. Budgets are handed down to academic departments, where decisions on specific research programs and curriculum structure are being made by elected Department Councils, made up of a majority of faculty together with students and non-teaching staff.

The university can thus be described as a conglomerate of highly autonomous departments. In this setting, communication between levels is very formalized, and tends to develop bureaucratic aspects. At the same time the nature of the decision-making bodies has introduced a highly political atmosphere with strong emphasis on goals as opposed to processes, and on quantity as opposed to quality.

Under these circumstances planning and budgeting were, up till a few years ago, completely quantitative. Underlying assumptions/beliefs were:

- teaching and research are symbiotic counterparts, and should be woven together in one

strong fabric,

- every faculty member should do research as well as teaching,
- being a good researcher counts higher in the internal picking-order than being a good teacher, and automatically leads to regular promotions and salary rises.

Basically, allocating models were enrollment-driven, based on a principle of quantitative justice. These models tried to give every faculty member equal time for research. The teaching workload thus was kept between 50% and 65% of the working-hours. Houghton, Mackie and Pietrowski (1979) have pointed out that such an allocation model can only function effectively in an expanding situation. If there is a plan, it is a race in which everyone gets a prize but no one gets the gold medal.

A second emerging feature consistent with these assumptions was that no accounting had to be given of the resources spent. Under declining economic conditions this had to lead to strong public and political criticism and in time to declining budgets. When the time was there the University was not prepared for it.

2. Reallocation, restructuring, retrenchment

In this section we will outline the problems that overwhelmed the Dutch universities and forced the University of Utrecht to abandon its old planning model.

a. Reallocation

Between 1975 and 1980 budgets were stabilized. Enrollment was still rising, but its growth was highly differentiated. Some departments faced contraction, others wanted expansion to be able to accommodate the increasing number of students. As Tolley (1980) and Christenson (1982) have observed this leads to defensive reactions in departments faced with contraction, like in our department of chemistry:

- an increasing cry from professionals for keeping up research of outstanding quality; where tying budgets to enrollment had been advantageous during the growth years, methods for uncoupling were sought.

- as the decline in student numbers in those departments was a result of a declining job market, students tended to ask for more specialization and longer curricula in order to be able to compete on the tight labor market.

In the political setting described above one can easily see professional groups within departments drawing together and being supported by their clientele.

To divide the teaching load equally (not more than 65% of the working hours) among the departments, a large number of reallocations became necessary; but because of the stabilizing budget the teaching load for very few departments fell below 50%. In 1980 the situation grew out of hand: the completely projected teaching load for 1986 for the university as a whole became higher than 65%. It was no longer possible to produce the usual blueprint-planning on the basis of the accepted principle of quantitative justice.

b. Restructuring

At university-wide level the resistance towards change had been manifest with regard to government initiatives to restructure academic curricula from the existing 5-6 years to a 4-years highly structured curriculum. After 12 years of discussion and university opposition laws establishing the new curricula types were passed in Parliament.

At the same time budgeting procedures employed by the Dutch government were restructured. Teaching would be financed based on enrollment separately from research. Research funds would be allocated to the universities on the basis of submitted research programs of highly acclaimed and externally reviewed quality in 5-year cycles. Although the origin of these measures was clearly a lack of "responsiveness" on the part of the university, pertinent questions were never discussed, such as: what is our product, and how is it offered, does it meet required standards, the same questions Unilever would try to answer in case of declining soap sales. In fact, the walls were still up and very high.

The new budgeting procedures make it necessary for the universities not only to account

for the money they have spent, but also to plan their research-activities in advance and in terms of priority based on qualitative arguments.

c. Retrenchment

In the new budgeting models staff/student ratio's have been reduced very strongly, for some disciplines up to 50%. In some fields - medicine, dentistry - the number of students moreover will be reduced to obtain a better match with labor market demand. Over the past three years these budget cuts have been 2 or 3% annually. The financial outlook is 10-15% reduction in the coming four years. So far in most departments cuts have been accommodated by not hiring new staff for vacancies. Most staff being tenured, and turnover being only in the order of 2 or 3% annually, some departments begin to look like Emmenthaler cheese. It is again the result of a defensive reaction without adapting to a changed environment.

It goes without saying that this way of accommodating budget cuts is disastrous for the number of temporary jobs for research assistants, and enlarges the problem of acquiring funds for research programs.

The planning problem

There are mainly three reasons why the old planning procedure was no longer appropriate for the situation that resulted from the developments mentioned above.

a. The model was fixed on quantities

Especially the combination of retrenchment with the necessity of accounting for spent resources called for a policy of differentiation, mainly directed to the conservation of high quality in research. Planning based on principles of quantitative justice is not appropriate to take into account existing quality; it is very probable that programs of high quality are abandoned at one department while programs of lower value and quality are continued at another one, that is to say until they will become a victim of

the process of accounting.

This means that quality not only has to be recognized, but also has to be protected.

b. The model had no or insufficient flexibility

The planning process was coupled with specific target dates and tried to give a blueprint for the situation on that specific date. It left very limited opportunity for a change of direction in between. It considered the end of the period concerned as the terminal point of the developments desired and did not recognize the fact that planning should be able to adapt itself to changing conditions, a continuous process without a well-defined terminal point. And, at present, the dark clouds of national and international economy are bringing uncertainty about further retrenchment in the near future and call for a more adaptive way of planning.

c. The process was too centralized

The planning process had to be decentralized for the sake of a policy which accounted for quality. The old procedure was concerned with dividing the budget at the university level with arguments based on figures, collected by the Central Office. Zemsky, Porter and Oedel (1978) have argued that it is impossible in a complex university with diverging fields and interests to develop a consistent set of priorities. To them, although the university derives its organizational unity from the common purpose of the pursuit of knowledge through teaching and research, detailed interpretation of this ideal should be left to individual departments. Having been faced with 17 highly autonomous departments with their own legitimate demands we cannot but agree with them.

It was however no coincidence that the planning process was as it was. It was connected with and partly the product of a mentality in Dutch academic society and of the structure of the universities. The need for the introduction of a new planning model and a strategy of change confronted us therefore with a number of problems, connected with the "personality" of the Dutch universities:

a. A lack of responsiveness

In the departments self-interest reigned supreme and the stimulation of activities that involved other departments as well was exceptional. Departments as well as central administration were not alive to the needs and wishes of the society and as a result overlooked the possibility of obtaining financial support from other sources. The general feeling was that the central position of our university in the country would attract the students anyway.

b. A lack of realism

Nobody was really convinced that the age of plenty was over and would not return in a couple of years. Too often the announced need for restructuring was stopped or slowed down, too often small scale retrenchment had been accommodated with short-lived measures. It was the prevailing opinion that the present structure would survive and that the system had enough flexibility and reserve to accommodate the retrenchment.

c. The system of democratic self-government

A system of democratic self-government poses a difficult problem in an organization which has to strive for quality instead of for mediocrity, even more so when decisions have to be made which may result in the forced dismissal of colleagues.

Not only had faculty and students to become aware of their future environment more than before, together they would have to make the decisions in their representative councils. Short-term interests which might emerge out of coalitions between competing groups within departments would have to be consistent with long term goals. In principle large groups of low quality would have the opportunity to abandon small high-quality programs in order to save their own positions.

As a result of all these factors no accepted strategic plan for the institution was available, no evaluation of the strategic position had taken place. This however is a main characteristic of European universities which have been fully financed by the government

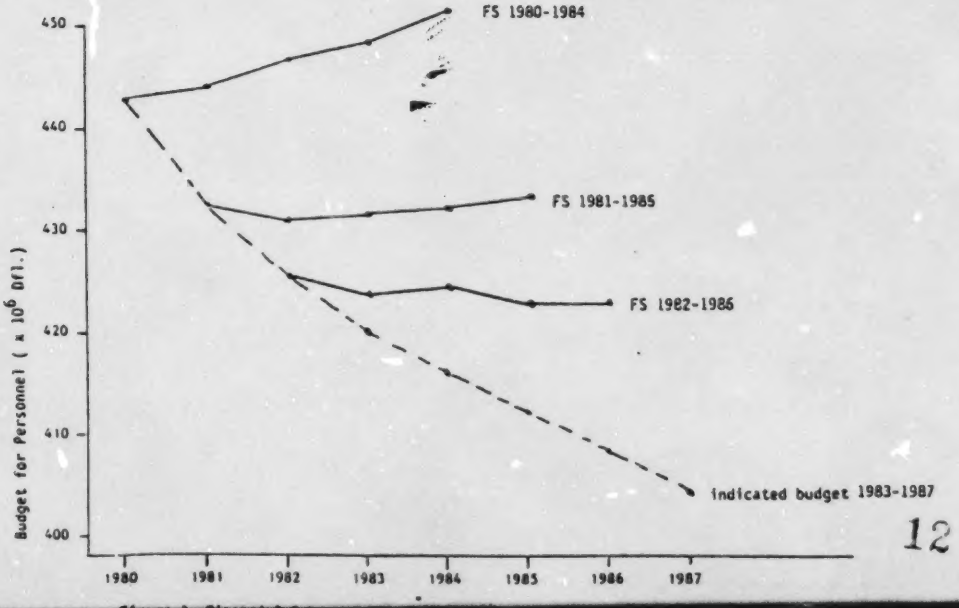
since the 19th century.

3. The new planning model

In this section we will discuss the planning model we have been using since 1981 and the way it was introduced.

According to Dutch law each university has to submit every year a plan outlining the development in the next 5 years. It was clear that a plan, completely written by the Central Office would no longer meet the changed circumstances: in order to take into account qualitative considerations decentralization of the planning process was necessary. Every department would have to submit a 5-year plan of its own. Together these plans would form the basis for the plan of the university. But only very few departments had been able to produce such a plan previously and some had tried but did not succeed. To make it happen this time we had to fight the lack of realism and to stimulate the planning process in the departments.

To fight the lack of realism we designed indicated cutbacks for the various departments which were based on an assumption on the total cutback for the university in 5 years. We based this assumption on the annual deviation of the actual budget from the budget-indications in the financial scheme of the Ministry of Education in the years before. The graph that illustrated this, apparently roused everybody from his dreams.



To stimulate the planning process we kept in mind the following guidelines:

- try to achieve as much involvement as possible of the decision-makers of the departments;
- keep the process simple to prevent that planning becomes a specialist's job;
- try to look for something fresh;
- try to concentrate the flow of information from departmental to central level to achieve as much coherence as possible.

We succeeded in involving the decision-makers of the departments by accentuating the role of the Board of Deans and by stimulating the creation of advisory-committees to this Board staffed with outstanding scholars and scientists.

We designed very simple forms or questionnaires which had to be completed by the departments. If so desired a department could restrict itself to the forms because it contained the questions for all the information we needed. On the other hand, the set-up of the forms was such that they could not be completed without decisions about actions to take with an eye to the future.

As a result of this, every department completed the forms, some did much more and wrote a complete development-plan. At the central level the plans of the departments were analyzed and disagreements were discussed with the Department Boards. The university plan summarizes the plans of the departments and integrates them into a plan for the university as a whole. It was a process as indicated by Lueck (1961).

Because of the concentration of questions of different types the departments were in a way forced to make links between the answers, especially while the connection was very transparent because of the simple way in which the answers had to be formulated. Several departments noticed that they could not accommodate the indicated cutback without a complete reorganization, mostly as a consequence of a strong reduction of temporary jobs for research assistents. Such reorganization processes are described in section 4.

How was the concept of quality introduced?

we tried to stimulate a discussion about priorities within the departments. As a first start for the new budgeting procedure for research programs we asked every department to account for high quality research programs to a maximum of 33% of their calculated research capacity: these programs would be safeguarded against cutbacks. Conditions were set concerning the minimum size of the programs, so that one had to look outside the usual borders to make links with other research programs in order to meet the conditions. Almost one year later the departments had to propose programs of high quality amounting to at least half of their calculated research capacity. The discussion about priorities changed in a call for justification of the quality of the research programs. The way in which departments would succeed in this could bring forward a correction in the indicated cutback for that department.

Thus the first calculation of the indicated cutbacks for the departments was mainly based on relative teaching load, but every step of formulating research programs means a correction of the indicated cutbacks on the basis of the amount of high quality research programs.

The size of the cutbacks also stimulated the responsiveness: many departments are more eager in looking for outside funding.

Of course the reduction of the staff/student ratio's and the emphasis on research constitute a threat to the quality of the education programs. Departments try to prevent this by changing the organization of the curricula by increasing flexibility. Curricula will be constructed more and more out of mutually independent, exchangeable modules which can be of use for other departments, industries, vocational schools and the new Open University.

The 5 year plan created on this basis is no longer a blueprint for a fixed target date, but provides the university with a set of tools on which the annual department budgets can be based. It is responsive to changes in research programs and enrollment. It indicates and safeguards the strong parts of the university and contains incentives to stimulate innovation and the continuation of the planning process.

Confronted with recent developments on the national level the new planning model turned out to be very useful. At the end of 1982 the Minister of Education has stated that a main part of the budget cuts in the next years (about $100 million) will have to be accommodated through a process of concentrating human and capital resources by discontinuing research programs and curricula in some universities. He asked the universities to produce a masterplan for this concentration process by March 1983. The universities formed a committee for that purpose, consisting of one member for each university; this committee has produced a proposal for a masterplan. At this moment this proposal is being discussed in the university councils and the Minister will announce his final decision in August 1983.

The proposal of the committee mentioned above can be divided in two parts:

1. proposals for the concentration of specific fields of study in a limited number of universities. These concern a number of highly specialized curricula with very small enrollment, such as exotic languages, and a number of larger ones: some universities have to give up pharmacy or dentistry. On most of the proposals concerning the larger programs the committee was not unanimous.
2. proposals of budgetary cutbacks to be achieved by discontinuing some research programs and parts of curricula. The universities, however, will be free in the way they want to accommodate their total cutback in their departments.

The total amount of the cutbacks indicated for the departments in our own 5 year plan did not differ very much from the cutbacks indicated by the national committee mentioned above. In fact this means that the University of Utrecht has already been preparing itself for this concentration process with the introduction of new planning procedures.

Of course we could not be prepared for decisions to abandon major fields of study: this, however, is an issue that has to be discussed in a way that partly exceeds the institutional planning.

4. Reorganizations in academic departments

As indicated in the previous section one of the consequences of the retrenchment and the way we handled it was the necessity of the reorganization of several departments.
In this section we will indicate how these reorganizations are carried out and will describe the roll of the central administration in this process.
Reorganization is a formal process of restructuring tasks and personnel assigned to these tasks in a relatively short time-span. It is a difficult process, which requires great care, especially if forced reductions are necessary. This is even more so when a government agency is involved. University employees in the Netherlands have got the status of government employee, and as the universities have experienced a continued growth for over 120 years, it is not surprising that almost no experience with this type of reorganization is documented.
Consistent with the points made above, up to two years ago the prevailing opinion was that reorganizations were not necessary within the university, and moreover, that in view of strict government regulations it would be virtually impossible to carry through a reorganization process which could result in people getting discharged.
During 1981 it became obvious to us that reorganizations would be needed:

- some departments were already spending more on personnel than their budget allowed, indicating they were not able to accommodate small budget cuts of the order of 3% annually, while the indicated cutbacks were of the order of 15%;
- in some departments almost all faculty held tenured positions, while annual turnover had dropped to 2 or 3 %, and no substantial retirement or early retirement could be expected;
- the only way some departments could accommodate the budgetary cuts was by cutting heavily in the number of available positions for research assistants: these have four-year non-tenure contracts. However, as most of the high quality research is performed by these assistants this policy was inconsistent with the urge to maintain quality in

research.

In 1981 a formal framework for reorganization processes, called the Reorganization Code, was developed by the Central Office of the University. It contains a set of procedures in which the formal roles and responsibilities of the various parties involved have been defined, and in which the decision-making process has been structured.

It is also consistent with the ideas expressed above on self-government in departments within the budgetary limits set by the Board of Directors and the University Council.

Four phases were defined which will be described here briefly:

1. initiating the process

   This phase is characterized by discussions, and by an emerging awareness that reorganization is needed to adapt the organization to changing needs, budgets, or environments. It ends with a formal announcement by the department involved, and endorsed by the Board of Directors of the University, that a reorganization is started.

2. structuring the new organization

   This phase starts with the announcement by the Board of Directors of conditions within which the restructured department will have to operate, such as budget limit, the number of expected students and the number of positions to be reserved for research assistants. Within these limits the department itself (usually a committee of acclaimed professional ability) draws up its organizational plan. An essential point is that at this stage no specification is given about the persons who will fit in the new organization. This plan has to be approved by the Department Council and is presented to the Board of Directors, which reviews the plan marginally, checking whether or not it meets the set limits. If it approves of the plan, it will consult the union representatives of the employees involved.

   At the same time other departments and the Board of Deans are consulted. After these consultation rounds the plan is adopted by the Board of Directors and the University Council.

3. staffing the new organization

Only after the organizational plan has been approved, the Board of the Department selects out of the present employees those who will fit into the new organization. This personnel plan is reviewed by the Board of Directors to check whether it is in accord with government labor regulations. After a discussion with union representatives the Board formally decides on the plan submitted.

4. implementing the personnel plan

For persons who are not selected for the new organization the university tries to find a new position within the university at the same level of competence. If such a position is not available, this employee is formally notified that he/she will be discharged.

A few comments have to be made concerning this code.

Note that the Board of Directors can give no specific guidelines in terms of classes to be taught, or research programs to be maintained.

Negotiations with union representatives are carried by the Board of Directors and not by the Departments or their deans. Formally the unions are only consulted: even if they cannot approve of the plans, the whole process can continue. In practice, however, agreement is sought, as the unions possess certain rights such as appealing to higher consultation platforms between unions and government officials, or ultimately bring disagreements before courts specifically dealing with relations between the government and its employees. Of course, it is precisely this structure of powers which calls for very careful procedures as laid out in the Code.

Although the Code focuses on the formal responsibilities of the various parties involved and their role in the decision-making process, the continuous informal discussions between planning officers in the Central Office and the departments are most important. These discussions are held in all stages and concern the boundary conditions to be given, the phrasing of formal documents, anticipating problems that may just be around the corner and

which might seriously endanger the process. The importance of these informal discussions testify to the political nature of the decision-making process. They counterbalance the formal procedures which easily could result in dead-lock situations, especially when strong emotions are involved. This atmosphere has been described by Enderud (1977) as one of "organized anarchy", in which valid evidence based on sound data and straightforward reasoning are bound to fail, if constant attention is not given to a "micro-political approach".

In this approach one has to know the political jungle within the university, to know people's fears and modes of action, to use opportunities when they arise, to try to create firm and stable coalitions, and to use formal structures to legitimate plans and actions without denying them their importance in the process. In fact this is an approach which is pervasive throughout most of the decision-making processes in Dutch universities after it was recognized that rational approaches were in the end always bound to fail due to disagreement on value judgements, and that securing agreement on means was a practical approach which could yield success.

Since the fall of 1981 reorganizations have been started in over half of the departments. Concerning the actual progress two observations can be made:

1. It is important that prestiguous scholars are involved in drawing up the formal plans in order to evoke credibility;
2. The process is greatly stimulated if an atmosphere of taking initiative is present; when defensive reactions are still predominant, the process will slow down or even come to a complete dead-lock.

Two examples within the Department of Social Sciences may illustrate this.

The Subdepartment of Sociology announced in January 1982 that reorganization had become inevitable. In a timespan of about 8 months a reorganization plan was put together (phase two), featuring:

- a cutback of 13% to be reached by 1984;

- quitting a number of small research programs;
- setting up larger interdisciplinary programs;
- the creation of 16 new jobs for research-assistants;
- removal of 17 full-time-equivalent tenured jobs.

In the winter of 1982/3 this plan was accepted by the great majority of the Department, the Board of Directors, the unions and the University Council.

In March 1983 a personnel plan for the Department has appeared indicating which individual persons will lose their job in this Department.

On the contrary, in the Subdepartment of Pedagogy, the process came to a grinding halt. Here the departmental committee which should draw up the reorganizational plan did not consist mainly of outstanding scholars; most of the threatened parties were themselves represented. This led to:

- very long harassing over the actual budgetary limits for the new organization;
- a final resulting plan which was vague and inconsistent.

This was rejected by the Board of Directors. Currently, a fresh start is being made by the Department of Social Sciences, intregrating this subdepartment with the subdepartment of Psychology. However, budget cuts will be more severe now due to their inability to bring forward enough high quality research programs.

5. Summary and conclusion

Confronted with a combination of circumstances the University of Utrecht has been forced to structure its planning process in a new way.

A more adaptive planning model has been created in which decentralization, quality and flexibility are key-words. This model can only be successful on the following conditions:

1. Awareness in all the departments;
2. a procedure that guarantees involvement on all levels;
3. a micro-political approach by the central administration.

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